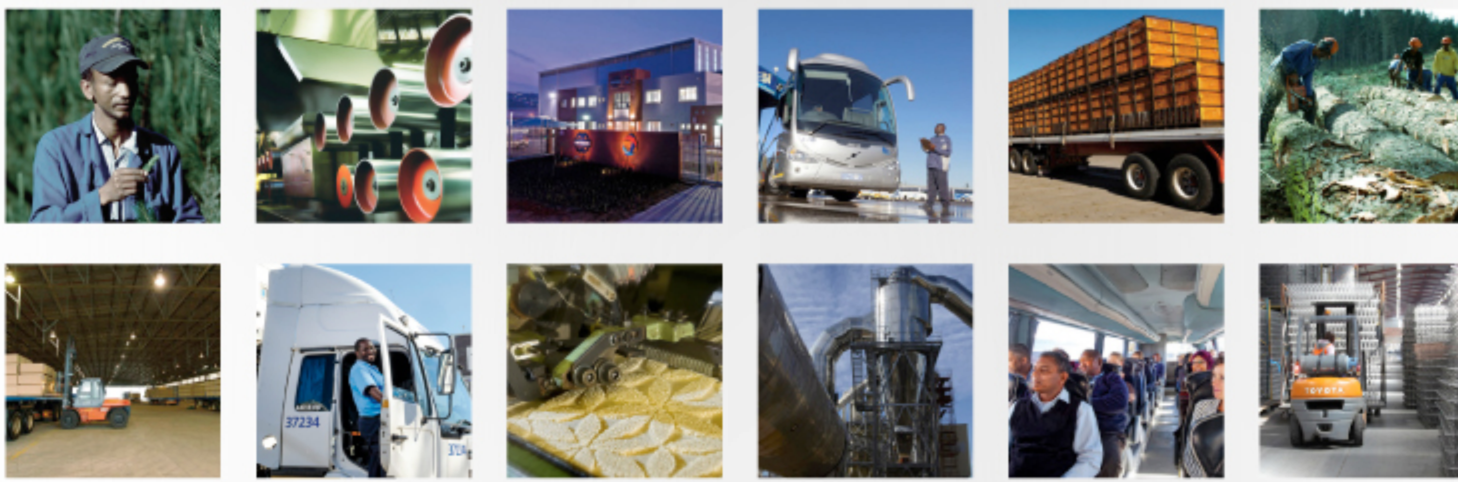
KAP

INTERIM RESULTS PRESENTATION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013



INDUSTRY *IN MOTION*™

INTRODUCTION

JAAP DU TOIT

CHAIRMAN

AGENDA

- Period under review
- Divisional highlights
- Financial performance
- Outlook

INDUSTRY *IN MOTION*™

KAP INDUSTRIAL HOLDINGS

An industrial group focused on:

- Being the leaders in the markets we serve
- High barrier to entry industries
- Sustainable earnings through diversity in business
- Solid margins by adding value through our specialist skills and assets
- Strong cash flow generation
- Leveraging our African base

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PERIOD UNDER REVIEW

- Challenging market in South Africa
- Good performance in Africa
- Exit non-core assets
- Continued investment in state-of-the-art technology and assets

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PERIOD UNDER REVIEW

JO GROVÉ

CEO

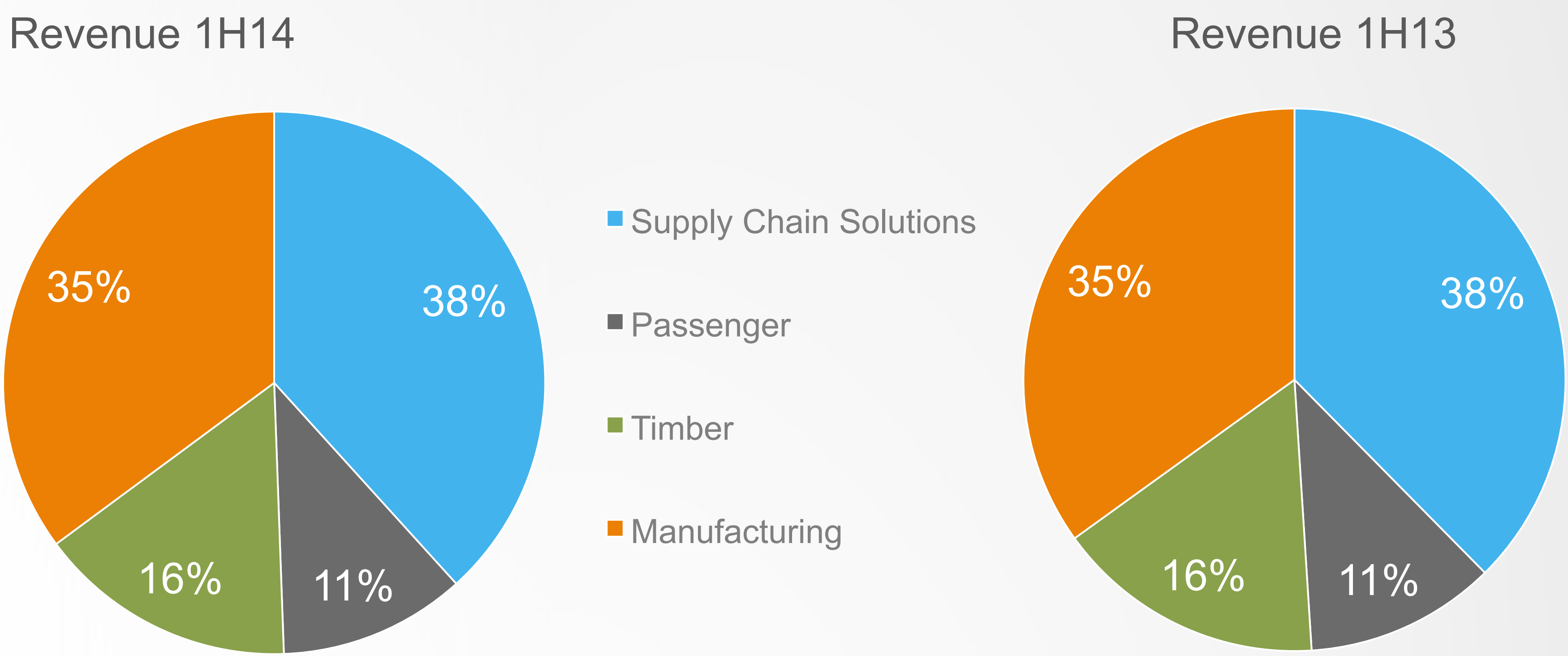
INDUSTRY *IN MOTION*™

PERIOD UNDER REVIEW

- Repositioned our business to better serve customer needs
- Restructuring – improved efficiencies
- Continual improvement
- Capitalise and build on existing infrastructure

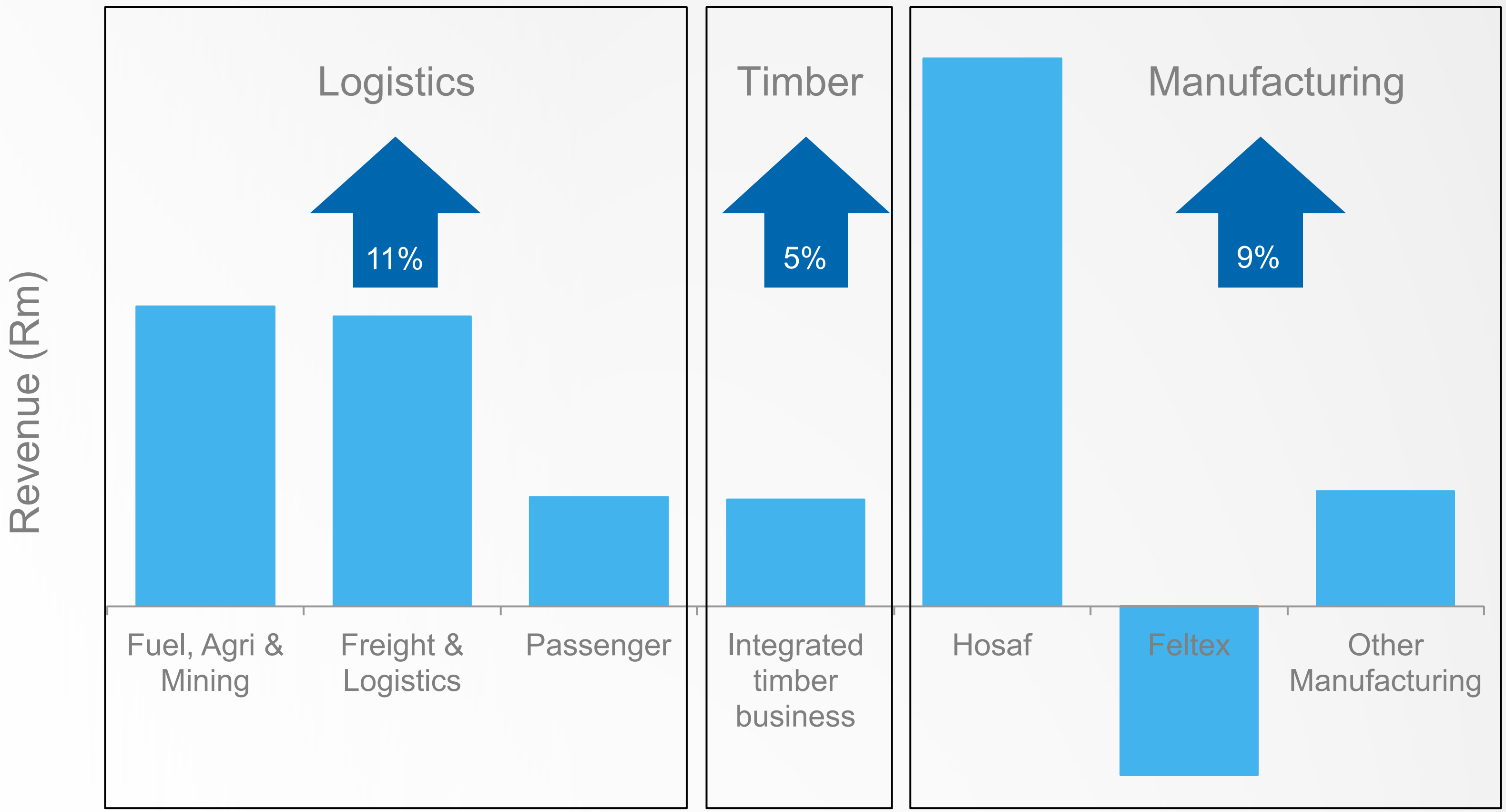
REVENUE INCREASE BY 9% to R7 832 million

Diversified revenue mix enhances sustainable earnings



REVENUE INCREASE BY 9% to R7 832 million

Detailed revenue analysis – R624 million increase



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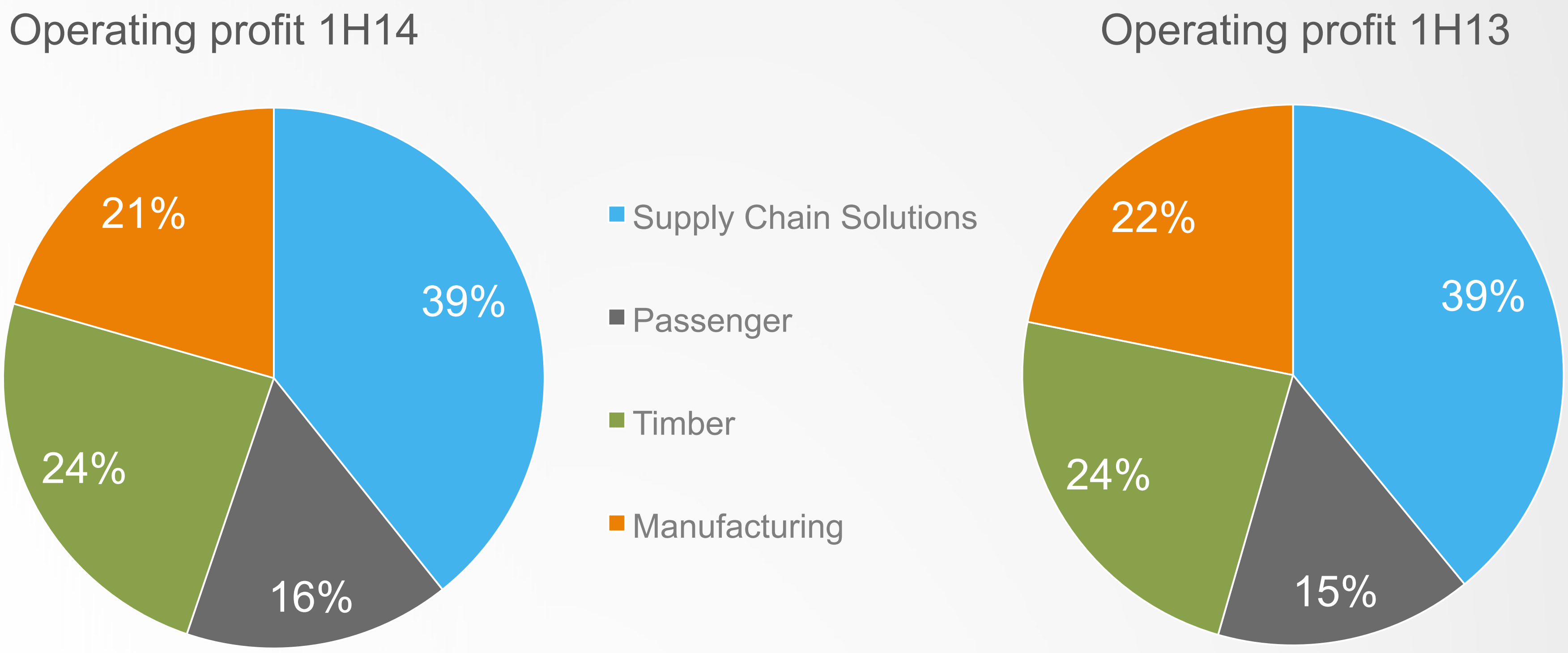
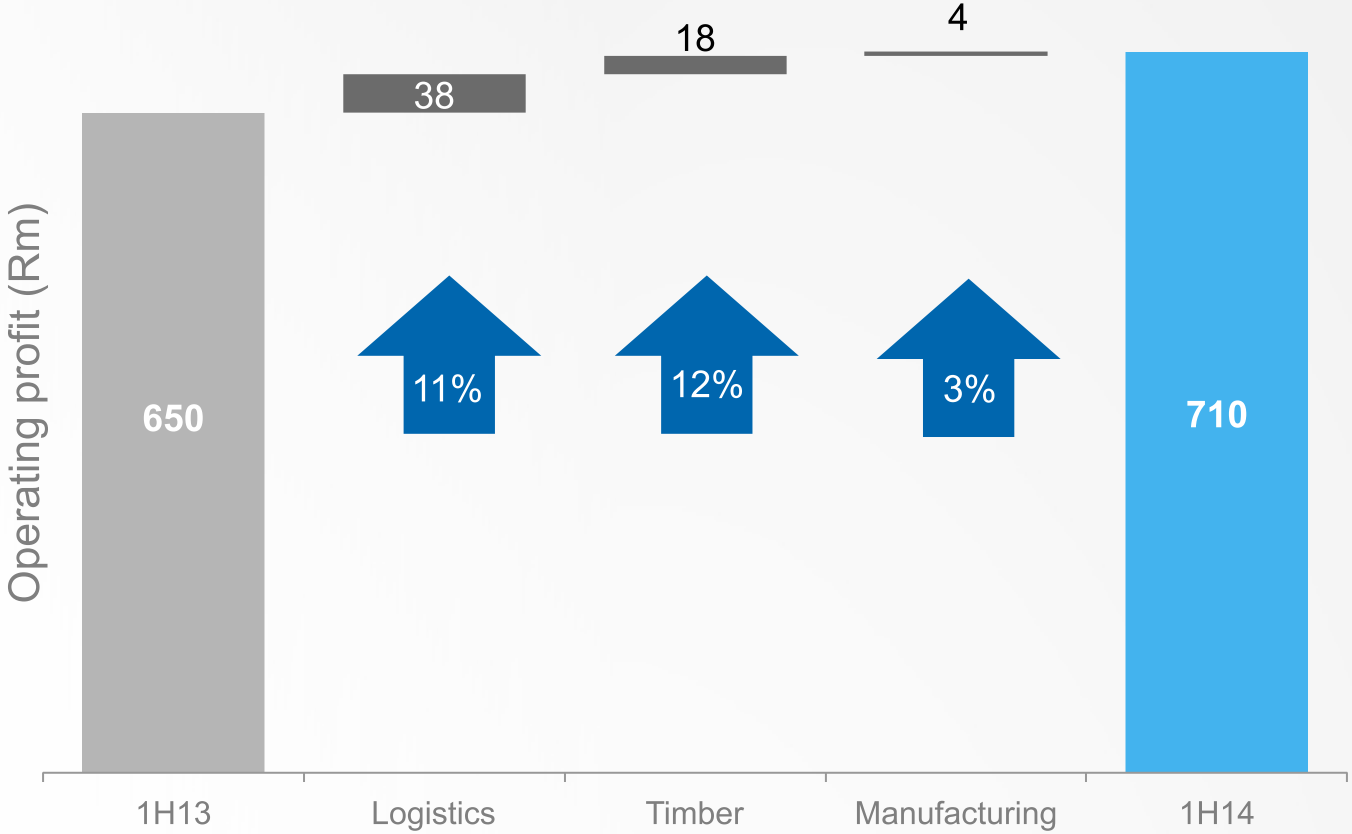
OPERATING PROFIT INCREASE BY 9% to R710 million



INDUSTRY *IN MOTION*™

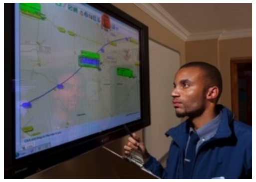
FINANCIAL HIGHLIGHTS

Operating profit increases by 9% to R710 million



INDUSTRY IN MOTION™

DIVISIONAL HIGHLIGHTS



LOGISTICS

PERIOD UNDER REVIEW
LOGISTICS

Gross revenue increases by 11% to R3 916m	⬆ (1H13: R3 535m)
Operating profit increases by 11% to R392m	⬆ (1H13: R354m)

UNITRANS SUPPLY CHAIN SOLUTIONS (USCS)

- Restructuring of USCS completed
- Africa operations continue to perform well
- Solid performance from Fuel division
- Freight and logistics negatively affected by FMCG market segment, while cement industry recovered
- Combined margin maintained

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PERIOD UNDER REVIEW
LOGISTICS

PASSENGER

- Personnel transport continues to grow, supported by new contractual business
- Intercity performs well despite competitiveness in market and depressed consumer
- Gautrain feeder services performs on target
- Tourism: Improved performance






INTEGRATED TIMBER

PERIOD UNDER REVIEW
INTEGRATED TIMBER

Gross revenue increases by 5% to R1 231m	↑ (1H13: R1 177m)
Operating profit increases by 12% to R172m	↑ (1H13: R154m)

- Increased revenue as a result of improved product pricing and "value-add" strategy
    - Market conditions remain challenging
- Commissioning of new medium-density fibre board (MDF) plant successful
    - Ramp up in line with expectation, MDF business performs well despite 8 weeks disruption due to implementation of new plant
- Woodchem and other integrated businesses performed well
- Positive margin impact due to "value add" strategy
- Restructure benefits support operating profit growth
- Product and customer rationalisation improves cash flow and margin

MEDIUM-DENSITY FIBRE BOARD PLANT

- First phase of plant commissioned in November 2013
- Plant almost at full production (rated capacity of 300m^3/day)
- Positive market response to the product
- Planning of second phase (to increase capacity to 380m^3/day)




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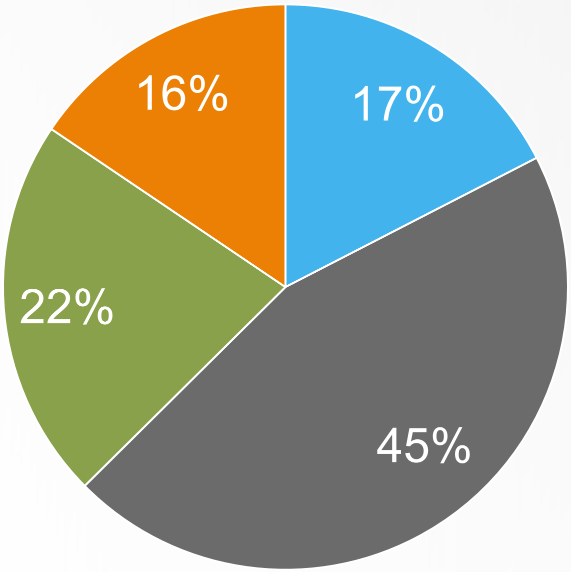
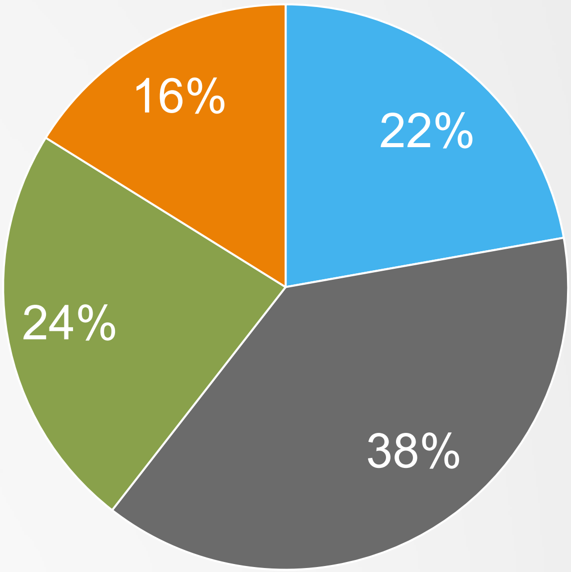
MANUFACTURING

MANUFACTURING REVENUE COMPOSITION

Revenue 1H14



Revenue 1H13



PERIOD UNDER REVIEW
MANUFACTURING

Gross revenue increases by 9% to R2 799m	⬆ (1H13: R2 558m)
Operating profit increases by 3% to R146m	⬆ (1H13: R142m)

- PET (Hosaf) market continues to grow
- Automotive (Feltex) negatively impacted by 7 week closure
    - Some "catch up" expected in 2H14
- Vitafoam's completed restructure and increased market share positive impact on efficiencies
- Improved results for BCM and DesleeMattex despite continuing challenging household goods market
- Challenging retail environment impacts on Jordan and Glodina

FINANCIAL PERFORMANCE

JOHN HAVEMAN

CFO

INDUSTRY *IN MOTION*™

FINANCIAL HIGHLIGHTS

	1H14	1H13	% increase	FY13
Revenue* (Rm) *from continuing operations*	**7 832**	7 208	9%	14 320
Operating profit before capital items (Rm) *from continuing operations*	**710**	650	9%	1 324
Cash generated from operations before working capital (Rm)	**1 070**	989	8%	2 021
Headline earnings per share (cents) *from continuing operations*	**16.0**	13.8	16%	28.5

* *Reclassification of R136 million was done between revenue and cost of sales in the Logistics segment to bring prior period disclosure in line with current year disclosure. This change had a nil impact on operating profit.*

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INCOME STATEMENT
FROM CONTINUING OPERATIONS

	Rand million			
	1H14	1H13	% increase	FY13
Revenue	**7 832**	7 208	9	14 320
Operating profit before capital items	**710**	650	9	1 324
Net finance costs	**(174)**	(187)	(7)	(368)
Associate companies and joint ventures	**4**	5		14
Taxation (excluding taxation on capital items)	**(149)**	(129)		(268)
Minorities	**(16)**	(15)		(34)
Headline earnings	**375**	324	16	668
Weighted average number of ordinary shares (m)	**2 346**	2 338		2 342
Headline earnings per share (cents)	**16.0**	13.8	16	28.5

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CONSOLIDATED BALANCE SHEET

	Rand million		
	Dec 2013	Dec 2012	Jun 2013
Property, plant, equipment & investment properties	**6 496**	6 269	6 394
Intangible assets and goodwill	**1 302**	1 332	1 311
Biological assets	**1 811**	1 706	1 761
Net working capital	**1 040**	1 070	339
Other assets	**245**	210	231
Held for sale	**-**	-	351
Assets	**10 894**	10 587	10 387
Total equity	**6 497**	5 933	6 301
Net interest-bearing borrowings	**3 404**	3 832	3 090
Interest-bearing borrowings	**4 700**	4 916	4 410
Cash and cash equivalents	**(1 296)**	(1 084)	(1 320)
Other liabilities	**993**	822	996
Equity and liabilities	**10 894**	10 587	10 387
Net asset value per share (cents)	**271**	248	263

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CONSOLIDATED CASH FLOW

	Rand million	
	1H14	1H13
EBITDA	**1 097**	1 026
Plantation revaluation	**(50)**	(50)
Other non-cash items	**23**	13
Cash generated before working capital changes	**1 070**	989
Working capital changes	**(702)**	(344)
Inventory	**(113)**	(84)
Accounts receivable	**(209)**	(177)
Accounts payable	**(380)**	(83)
Cash generated from operations	**368**	645
Interest	**(174)**	(189)
Taxation	**(61)**	(67)
Dividends	**(196)**	(154)
Net cash inflow from operating activities	**(63)**	235

INDUSTRY *IN MOTION*™

CONSOLIDATED CASH FLOW
CONTINUED

	Rand million	
	1H14	1H13
Cash inflow from operating activities	**(63)**	235
Investing activities	**(257)**	(513)
Capex	**(513)**	(471)
Proceeds on food assets	**265**	-
Other investing activities	**(9)**	(42)
Cash flow after investing activities	**(320)**	(278)
Financing activities	**294**	34
External debt raised	**1 695**	187
Shareholder loan repaid	**(1 401)**	(153)
Movement in cash and cash equivalents	**(26)**	(244)

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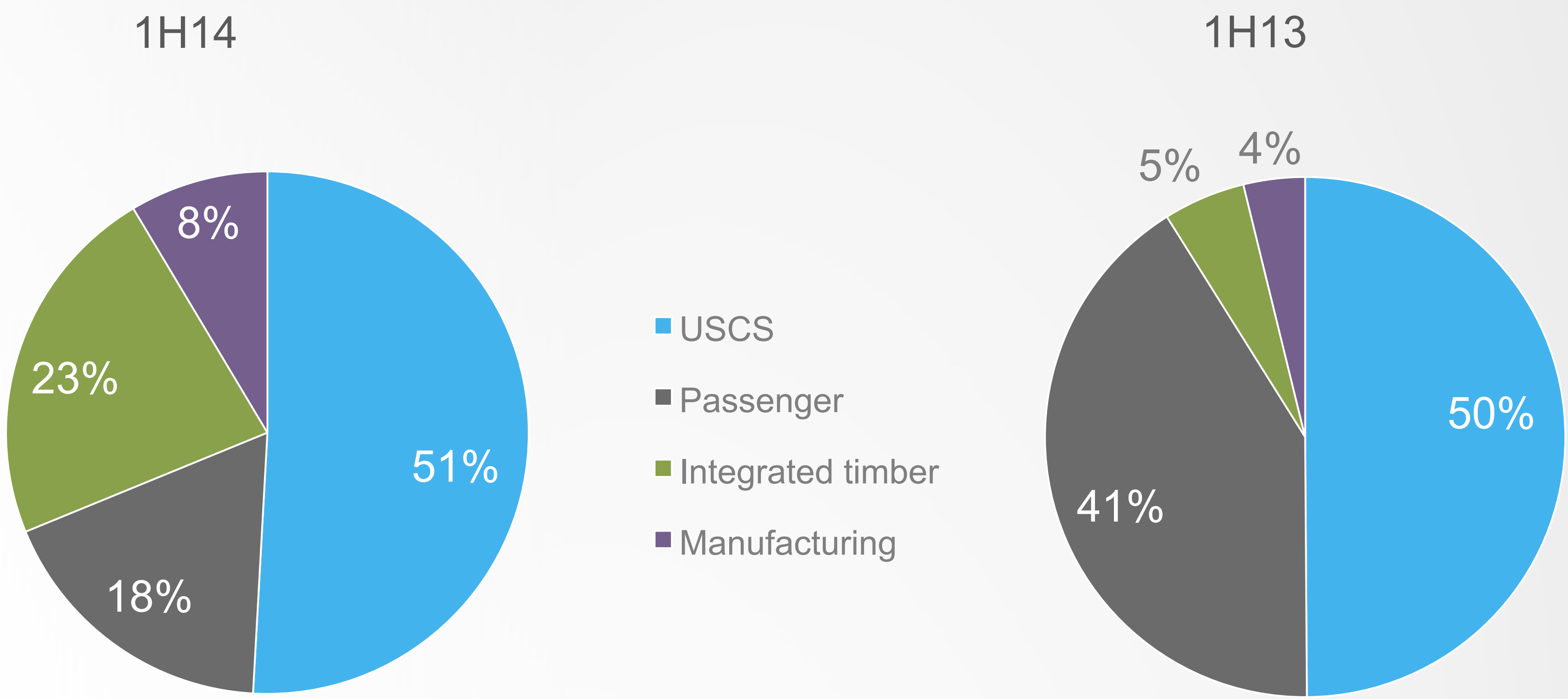
SEGMENTAL CAPITAL EXPENDITURE
EXPANSION AND REPLACEMENT CAPEX*



*Net of proceeds and government grants received

CAPITAL STRUCTURE

	Dec 2013	Dec 2012	Jun 2013
Total equity (Rm)	**6 497**	5 933	6 301
Ordinary shareholders' funds (Rm)	**6 355**	5 813	6 166
Minority interests (Rm)	**142**	120	135
Net interest-bearing debt (Rm)	**3 404**	3 832	3 090
Net debt to equity (%)	**54%**	66%	50%
Net debt to EBITDA (times) annualised	**1.6**	1.9	1.5
EBITDA interest cover (times) for the period	**6.3**	5.5	5.6

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NET INTEREST-BEARING DEBT

	Rand million		
	Dec 2013	Dec 2012	Jun 2013
Net interest-bearing debt	**3 404**	3 832	3 090
Steinhoff	**1 840**	3 494	3 241
Other	**1 564**	338	(151)
Movement in net debt			
Opening balance	**3 090**	3 552	3 552
Repayment of Steinhoff loan	**(1 401)**	(153)	(406)
Net movement in external debt	**1 715**	433	(56)
Closing balance	**3 404**	3 832	3 090

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OUTLOOK

JO GROVÉ
CEO

OUTLOOK

LOGISTICS

- Cost structure now enables USCS to be more competitive in current economic climate
  - Existing contract renewals
  - Promising new contracts

INTEGRATED TIMBER

- Revenue growth and cost efficiencies
- MDF (medium-density fibreboard) upgrade completed in Nov 2013
- Weak Rand: more competitive vs imports

MANUFACTURING

- PET (Hosaf): Strong PET market demand expected to continue
- Automotive (Feltex): Volumes expected to grow

NEW OPPORTUNITIES

KAP

THANK YOU

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